

CMS Manual System

Pub 100-04 Medicare Claims Processing

Transmittal 643

Department of Health &
Human Services

Centers for Medicare &
Medicaid Services

Date: AUGUST 12, 2005

Change Request 3897

SUBJECT: Nature and Effect of Assignment on Carrier Claims

I. SUMMARY OF CHANGES: Over time the Social Security Act has been amended in various sections to require suppliers in some instances to accept assignment for a Medicare covered service regardless of whether or not the beneficiary actually assigns the claim to the supplier. In such instances, the requirement in our regulations at 42 C.F.R. 424.55 that the beneficiary assign the claim to the supplier became unnecessary. Therefore, we amended 42 C.F.R. 424.55 (effective January 1, 2005) to eliminate the requirement that beneficiaries assign claims to suppliers in situations where suppliers are required by statute to accept assignment.

NEW/REVISED MATERIAL :

EFFECTIVE DATE : January 1, 2005

IMPLEMENTATION DATE : November 14, 2005

Disclaimer for manual changes only: The revision date and transmittal number apply only to red italicized material. Any other material was previously published and remains unchanged. However, if this revision contains a table of contents, you will receive the new/revised information only, and not the entire table of contents.

II. CHANGES IN MANUAL INSTRUCTIONS: (N/A if manual is not updated)

R = REVISED, N = NEW, D = DELETED – *Only One Per Row.*

R/N/D	Chapter / Section / Subsection / Title
R	1/30.3.2/Nature and Effect of Assignment on Carrier Claims

III. FUNDING:

No additional funding will be provided by CMS; Contractor activities are to be carried out within their FY 2006 operating budgets.

IV. ATTACHMENTS:

Business Requirements

Manual Instruction

**Unless otherwise specified, the effective date is the date of service.*

Attachment - Business Requirements

Pub. 100-04	Transmittal: 643	Date: August 12, 2005	Change Request 3897
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SUBJECT: Nature and Effect of Assignment on Carrier Claims

I. GENERAL INFORMATION

A. Background: Over time the Social Security Act has been amended in various sections to require suppliers in some instances to accept assignment for a Medicare covered service regardless of whether or not the beneficiary actually assigns the claim to the physician/supplier. In such instances, the requirement in our regulations at 42 C.F.R. 424.55 that the beneficiary assign the claim to the physician/supplier became unnecessary. Therefore, we amended 42 C.F.R. 424.55 (effective January 1, 2005) to eliminate the requirement that beneficiaries assign claims to physicians/suppliers in situations where physicians/suppliers are required by statute to accept assignment.

B. Policy: 42 C.F.R. 424.55 was amended as follows: (c) *Exception*. In situations when payment under the Act can only be made on an assignment-related basis or when payment is for services furnished by a participating physician or supplier, the beneficiary (or the person authorized to request payment on the beneficiary's behalf) is not required to assign the claim to the supplier in order for an assignment to be effective. We are updating the manual so that it conforms to the regulations.

II. BUSINESS REQUIREMENTS

"Shall" denotes a mandatory requirement

"Should" denotes an optional requirement

Requirement Number	Requirements	Responsibility (“X” indicates the columns that apply)								
		F I	R H I	C a r r i e r	D M E R C	Shared System Maintainers				Other
						F I S S	M C S	V M S	C W F	
3897.1	Medicare carriers shall take note of the policy described in the manual change and permit (for all claims submitted after January 1, 2005) payment to be made to physicians and suppliers who have not obtained signed assignment of benefits (AOB) forms from beneficiaries when the service can only be paid on an assignment-related basis (which includes any mandatory assignment situations and participating physician or supplier situations).			X	X					

Requirement Number	Requirements	Responsibility (“X” indicates the columns that apply)								
		F I	R H I	C a r r i e r	D M E R C	Shared System Maintainers				Other
						F I S S	M C S	V M S	C W F	

III. PROVIDER EDUCATION

Requirement Number	Requirements	Responsibility (“X” indicates the columns that apply)								
		F I	R H I	C a r r i e r	D M E R C	Shared System Maintainers				Other
						F I S S	M C S	V M S	C W F	
3897.2	Contractors shall post this entire instruction, or a direct link to this instruction, on their Web site and include information about it in a listserv message within 1 week of the release of this instruction. In addition, the entire instruction must be included in your next regularly scheduled bulletin and incorporated into any educational events on this topic.			X	X					

IV. SUPPORTING INFORMATION AND POSSIBLE DESIGN CONSIDERATIONS

A. Other Instructions: N/A

X-Ref Requirement #	Instructions

B. Design Considerations: N/A

X-Ref Requirement #	Recommendation for Medicare System Requirements

C. Interfaces: N/A

D. Contractor Financial Reporting /Workload Impact: N/A

E. Dependencies: N/A

F. Testing Considerations: N/A

V. SCHEDULE, CONTACTS, AND FUNDING

Effective Date*: January 1, 2005 Implementation Date: November 14, 2005 Pre-Implementation Contact(s): Fred Grabau (410-786-0206) Post-Implementation Contact(s): Fred Grabau (410-786-0206)	No additional funding will be provided by CMS; Contractor activities are to be carried out within their FY 2006 operating budgets.
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30.3.2 - Nature and Effect of Assignment on Carrier Claims

(Rev. 643, Issued: 08-12-05, Effective: 01-01-05, Implementation: 11-14-05)

Assignment is a written agreement between beneficiaries, their physicians or other suppliers, and Medicare. The beneficiary agrees to let the physician or other supplier request direct payment from Medicare for covered Part B services, equipment, and supplies by assigning the claim to the physician or supplier. The physician/supplier in return agrees to accept the Medicare allowed payment amount by the carrier as his/her full charge for the items or services. A physician/supplier who agrees to accept assignment on all claims for Medicare services, rather than on a claim-by-claim basis is known as a participating physician/supplier. See Publication 100-4, chapter 1, sections 30.3 and 30.3.12.2 of the IOM. In effect, the physician/supplier who accepts assignment on a claim-by-claim basis or who is a participating physician/supplier is precluded from charging the enrollee more than the deductible and coinsurance based upon the approved payment amount determination. If dissatisfied with the amount of the Medicare allowed amount, a physician/supplier may follow the procedures for appeals of contractor initial determinations.

In “mandatory assignment” situations, i.e., where payment under the Act can be made only on an assignment-related basis or where payment is for services furnished by a participating physician or supplier, the beneficiary (or the person authorized to request payment on the beneficiary’s behalf) is not required to assign the claim to the physician or supplier in order for an assignment to be effective. However, the beneficiary (or the person authorized to request payment on the beneficiary’s behalf) must continue to authorize the release of medical or other information necessary to process the claim and request payment of Medicare benefits for the Medicare Part B covered services, equipment, or supplies pursuant to 42 C.F.R 424.32 and 424.36 (see also Pub. 100-04, ch. 1, sect. 50.1). Physicians or suppliers who agree to (or must by law) accept assignment from Medicare cannot attempt to collect more than the appropriate Medicare deductible and coinsurance amounts from the beneficiary, his/her other insurance, or anyone else.

In situations where mandatory assignment is not applicable and a nonparticipating physician or supplier indicates on the claim that he/she accepts assignment, but the beneficiary does not assign the claim to that nonparticipating physician/supplier-- payment must be made on an unassigned basis (i.e., directly to the beneficiary).

A violation of the assignment occurs if the physician/supplier collects (or attempts to collect) from the enrollee or anyone else any amount which, when added to the benefit, exceeds the Medicare allowed amount. A bill for assigned services is considered paid in full when the Medicare allowed amount is paid. The carrier payment determination takes into account all of the services furnished by the physician/supplier in connection with the claim. Therefore, a physician/supplier may not charge the enrollee for paperwork involved in filing an assigned claim.

If the enrollee has private insurance in addition to Medicare, the physician/supplier who has accepted assignment of SMI benefits is in violation of his/her assignment agreement if he/she bills or collects from the enrollee and/or the private insurer an amount which, when added to the Medicare benefit received, exceeds the Medicare allowed amount. If

it comes to a carrier's attention that a physician/supplier has received an excessive amount, inform him/her to refund such amount to the appropriate party. Where it is not clear as to who is entitled to receive the refund under the terms of the private insurance, any excess amount paid by the enrollee may be returned to the enrollee.

A nonparticipating physician/supplier who accepts assignment for some Medicare covered services is not ordinarily precluded from billing the patient for other Medicare covered services for which the nonparticipating physician/supplier does not accept assignment, and is also not precluded from billing the patient for services that are not covered by Medicare. However, a physician/supplier may not attempt to circumvent the Medicare allowed amount limitation by "fragmenting" his/her bills. Bills are "fragmented" when a physician/supplier accepts assignment for some services, and claims payment from the enrollee for other services performed at the same place and on the same occasion. When a carrier becomes aware that a physician/supplier is fragmenting his/her bills, it must inform him/her that this practice is unacceptable and that he/she must either accept assignment for, or bill the enrollee for, all services performed at the same place and on the same occasion.

EXCEPTION

In mandatory assignment situations, i.e., where a physician/supplier must accept assignment for certain services as a condition for any payment or for full payment to be made (e.g., clinical diagnostic laboratory tests, physician assistants), he/she may accept assignment for those services without accepting assignment for other services furnished by him/her for the same enrollee at the same place and on the same occasion.